

GAO

Briefing Report to the Honorable
Ted Stevens, U.S. Senate

August 1988

ALASKAN OFFSHORE SHIPPING

Changing Federal Regulation and Service



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United States General Accounting Office

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United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-231223

August 9, 1988

The Honorable Ted Stevens
United States Senate

Dear Senator Stevens:

Based on your request and subsequent agreements with your office, we developed information on economic regulation of ocean transportation between Alaska and the U.S. mainland. Federal economic regulation of this trade is divided between the Federal Maritime Commission (FMC) and the Interstate Commerce Commission (ICC). FMC regulates ocean service between ports, while ICC regulates intermodal service--combined ocean and rail or motor transportation. The principal purpose of regulation is to ensure that carriers' rates are just and reasonable.

We obtained information on (1) how the divided offshore regulatory system developed and (2) how Alaskan offshore regulation and service have changed under the divided system. We briefed your office on the information we developed and, as requested, are providing that information in this briefing report. The information is summarized below, and details are contained in sections 1 and 2.

DEVELOPMENT OF THE DIVIDED SYSTEM

Cargo shipments between Alaska and the mainland generally entail ocean as well as land transportation. Before the early 1960s, Alaskan ocean and land services were generally provided separately. Responsibility for federal regulation of such services was vested in FMC and ICC, respectively. The advent of innovative technology in the early 1960s created the opportunity to move a shipment of goods in the same container over both land and ocean, under a single rate.

The regulatory system evolved to accommodate such intermodal shipments. Principal landmarks included a 1962 law giving ICC authority over Alaskan ocean-motor service and a 1963

executive order that placed the Alaskan Railroad under ICC's limited authority and thus permitted it to engage in intermodal ocean-rail service. Also, on the basis of subsequent court decisions, ICC assumed regulatory authority over intermodal ocean-land service in other noncontiguous offshore U.S. states, territories, and possessions, such as Hawaii, Guam, and Puerto Rico.

Under the divided regulatory system, Alaskan carriers that combine ocean and land service are subject to ICC regulation, while those that provide separate ocean service are subject to FMC regulation. Thus, whether Alaskan ocean service is regulated by FMC or ICC depends basically on how ocean and land carriers arrange their services, rather than on how the goods are physically moved between the U.S. mainland and Alaska.

CHANGES UNDER THE DIVIDED SYSTEM

The divided regulatory system brought about changes in the regulatory treatment of Alaskan ocean service. This was especially true in the 1980s, as ICC relaxed many of its requirements in response to congressionally mandated regulatory reform policies, while FMC's regulations remained essentially unchanged.

There has been a shift toward Alaskan intermodal service, with a corresponding shift in tariff activity from FMC to ICC. Between 1984 and 1987, the number of Alaskan ocean carriers offering intermodal service increased from 7 to 13, while the number offering separate ocean service decreased from 13 to 11. Similarly, from 1984 through 1986, the number of tariff changes--an indicator of carriers' rate activity--increased from about 5,000 to 7,500 at ICC while decreasing from about 700 to 300 at FMC.

Aside from changes in regulation and service, the Alaskan trade also has been affected by changes in Alaska's economy. The economic downturn over the past few years, related to reductions in the price of oil, led to reduced demand for ocean transportation, heightened competitive conditions, and excess capacity. In this environment, one of Alaska's top eight carriers in 1985 shifted to chartered service in 1986 and three others have ceased operations.

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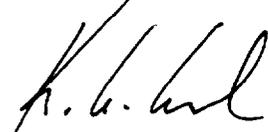
To obtain information for this report, we contacted officials and reviewed documents and records at FMC and ICC

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headquarters in Washington, D.C. Because of its informational nature, we did not obtain official agency comments on a draft of this report. However, FMC and ICC officials informally reviewed the draft report and suggested technical changes which we incorporated where appropriate. A more detailed account of our objectives, scope, and methodology appears in section 3.

As agreed with your office, we plan no further distribution of this briefing report until 15 days from the date of this letter, unless you publicly announce its contents earlier. We will then provide copies to the Chairmen of FMC and ICC and make copies available to others upon request. If you have any questions on this briefing report, please call me at 275-1000. Major contributors to this report are listed in appendix III.

Sincerely yours,



Kenneth M. Mead
Associate Director

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ABBREVIATIONS

COFC	container on flat car
FMC	Federal Maritime Commission
GAO	General Accounting Office
ICC	Interstate Commerce Commission
TOFC	trailer on flat car

SECTION 1

THE OFFSHORE REGULATORY SYSTEM

The domestic offshore trades cover ocean transportation between the U.S. mainland and its noncontiguous areas, including the states of Alaska and Hawaii, Guam, Puerto Rico, and others. Federal economic regulation of the offshore trades is divided between FMC and ICC. FMC regulates ocean service between ports, while ICC regulates intermodal ocean-land service.

This section discusses the development of divided regulation between the FMC and ICC, similarities and differences in FMC and ICC regulations, and changes in Alaskan ocean service.

DEVELOPMENT OF DIVIDED REGULATION

The advent of ocean-land intermodal¹ service in the Alaskan offshore trade led to divided FMC-ICC regulation of Alaskan ocean service. Because of its location, Alaska generally depends on ocean as well as land transportation for cargo shipments. Shipments between the U.S. mainland and Alaska, for instance, generally begin with inland travel by truck or rail from the shipper's premises to the mainland ocean port, continue by ship from the mainland port to the Alaskan port, and end with further inland movement by truck or rail from the Alaskan port to the final destination in Alaska.

Before the early 1960s, Alaskan ocean carriers generally limited their service to ocean transportation between ports. To obtain inland service to and from ocean ports, shippers generally had to make separate arrangements with motor or rail carriers. By law, responsibility for federal regulation of offshore ocean service was vested in FMC, while responsibility for federal regulation of motor and rail services was vested in ICC. Under such separate service arrangements, Alaskan ocean service was exclusively regulated by FMC.

¹As used in this report, intermodal service refers to a specific type of ocean-land service provided jointly by ocean and land carriers, as distinguished from service simply involving both ocean and land transportation. Carriers participating in such intermodal service typically (1) offer their services as joint participants, (2) provide for continuous movement of cargo originating on one carrier's route and ending on the other's, and (3) establish a jointly determined single rate for the combined movements. Under intermodal arrangements, participating carriers generally assume joint responsibility for the entire ocean-land shipment and agree on the division of the single rate among themselves.

Following Alaska's statehood in 1958, however, Alaskan ocean and land carriers increasingly recognized the benefits of combining their ocean and land services to provide shippers with door-to-door intermodal service. With the increasing use of new technology to facilitate the transfer of trailers, rail cars, and other containers between ships, trucks, and trains, intermodal service offered opportunities for greater operational economies, as well as simplified shipping arrangements and generally lower rates.

Efforts to initiate such ocean-land intermodal service, however, were impeded by regulatory constraints. Following Alaska's statehood, ICC took the position that Alaskan carriers could not engage in ocean-motor intermodal service because neither FMC nor ICC had specific regulatory authority over such combined service. Also, although ICC's existing authority over rail transportation encompassed ocean-rail intermodal service as well, ICC took the position that Alaskan ocean carriers could not participate in ocean-rail intermodal service with the Alaska Railroad because the railroad, then federally owned, was not subject to economic regulation by any agency.

To eliminate these regulatory constraints, legislation was enacted in 1962 giving ICC authority over Alaskan and Hawaiian ocean-motor intermodal service. Also, by Executive Order No. 11107 issued in 1963, ICC was given limited regulatory authority over the Alaska Railroad, thereby permitting Alaskan ocean carriers to engage in ocean-rail intermodal service with the railroad. On the basis of subsequent court decisions, ICC assumed regulatory authority over ocean-land intermodal service in the remaining noncontiguous territories and possessions comprising the domestic offshore trade.

As a result of these developments, regulation of Alaskan ocean service became divided, with ICC assuming exclusive regulatory authority over rates for ocean-land intermodal service, and FMC retaining its existing authority over ocean service between ports. Consequently, Alaskan ocean carriers could provide either ocean-land intermodal service or ocean service only, and thereby could be subject to either ICC or FMC regulation.²

²When an ocean carrier contracts with a motor carrier for limited pickup and delivery motor service, and the ocean carrier assumes full liability for the ocean-motor service, the service is considered ocean service only, subject to FMC. However, when the ocean and motor carriers arrange to provide such ocean-motor service as joint participants, and assume joint liability for the service, the service is considered intermodal service, subject to ICC regulation.

SIMILARITIES AND DIFFERENCES
IN FMC AND ICC REGULATIONS

Although FMC and ICC basic regulatory processes are essentially the same, some of their regulatory requirements vary. Consequently, under the divided regulatory system, Alaskan ocean service is no longer subject to uniform regulatory treatment.

The basic FMC and ICC regulatory processes are similar. Both focus largely on ensuring that carriers' rates are just and reasonable. As part of this process, carriers are generally required to publish and file with the agency their rate schedules, called tariffs. Tariffs provide shippers with information on shipping rates, terms, and conditions and provide the basis for agency rate regulatory actions.

Under the process, shippers and others may generally protest proposed rates and the regulating agency may review the reasonableness of carrier rates, either in response to protests or on its own initiative. In filing tariffs, carriers generally are required to provide advance notice of proposed rates, which allows shippers and others to protest rates before they become effective. The advance notice period also gives competing carriers time to respond to competitors' proposed rate changes.

There are, however, differences in FMC and ICC regulatory requirements that create disparities in the regulatory treatment of ocean service. (See table 1.1.) For example, FMC requires ocean carriers proposing general rate increases³ to submit detailed financial data supporting such rates. FMC generally reviews the reasonableness of these rates using established criteria. ICC, on the other hand, requires no financial data to support a carrier's proposed rate change and generally reviews only those rates protested by third parties.

Further FMC-ICC regulatory differences emerged in the 1980s, as ICC relaxed many of its requirements under congressionally mandated regulatory reform policies, while FMC's requirements remained essentially unchanged. For example, ICC successively shortened its advance notice period from 30 days to 7 work days for a carrier's rate increase, and from 30 days to 1 day for a rate decrease. (See table 1.2.) In contrast, FMC generally continues to require a minimum of 30 days' notice for all rate changes. As a result, Alaskan ocean carriers providing ICC-regulated intermodal service can more quickly adjust their rates in response to changing competitive conditions.

³Under FMC regulations, a general rate increase is one that affects at least 50 percent of items in a carrier's tariffs for a trade and that results in a revenue increase of 3 percent or more.

Other ICC regulatory changes since 1980 not only have widened FMC-ICC regulatory differences, but also have created regulatory differences among certain types of ICC-regulated intermodal service. As a result of such changes, for example, the ability of Alaskan ocean carriers to provide service under contracts, rather than tariffs, depends on the specific type of service they provide. For example, ICC permits Alaskan ocean carriers engaged in ocean-rail intermodal service with the Alaskan Railroad to provide such service under contracts with shippers. Also, ICC permits contract motor carriers,⁴ which provide contract motor service between Alaska and the mainland through Canada, to "substitute" ocean service for part of such contract service. However, under the Interstate Commerce Act, as amended, ocean carriers generally are not permitted to contract with shippers for ocean-motor intermodal service. Furthermore, FMC does not permit Alaskan ocean carriers to provide ocean service under contract unless the contract is published in tariff form.

Under recent ICC regulatory reforms, rail carriers engaged in rail-motor intermodal service using trailers or containers on flat rail cars (TOFC/COFC) or box cars were exempted from tariff filings and permitted to contract with shippers for such service. However, ICC has not yet ruled on whether this exemption also applies to Alaskan ocean-rail intermodal service involving TOFC/COFC or box car operations. If ICC were to extend TOFC/COFC and box car exemptions to Alaskan ocean-rail intermodal service, further regulatory disparities could be created in the Alaskan trade by permitting ocean carriers engaged in such operations to offer contract service, while requiring other carriers to file tariffs.

⁴Unless otherwise specified, the motor carriers referred to in this report are common carriers. In general terms, this means that they offer service to the public under the terms of tariffs filed at a regulatory agency. Common carriers are distinguished from contract carriers, which need not offer service to the public nor file tariffs.

Table 1.1: Major Differences in ICC and FMC Regulations Governing Alaskan Offshore Ocean Service

<u>Aspect of regulation</u>	<u>ICC (intermodal service)</u>	<u>FMC (ocean service only)</u>
Tariff filing	Tariffs normally required; however, certain intermodal service is, or may be, exempt from tariffs	All service is subject to tariffs
Tariff notice period	1 day (rate decreases); 7 work days (rate increases)	60 days (general rate increases and decreases ^a); 30 days (other rate changes)
Financial data	No data required for a carrier's proposed rate change	Detailed data required for (1) general rate increases and (2) certain other rate increases ^b Carriers may be exempted from financial requirements if their annual revenues are \$10 million or less and are 25 percent or less of total revenues in the trade
Rate reviews	Rate reviews generally limited to rates protested by third parties, but also may be initiated by the agency	Rate reviews performed for general rate increases and rates protested by third parties, but may also be initiated by the agency Carriers may be exempted from general rate reviews if their annual revenues are \$10 million or less and are 25 percent or less of total revenues in the trade

^aUnder FMC regulations, a general rate increase or decrease is one that affects at least 50 percent of items in a carrier's tariffs for a trade and results in either a revenue increase or decrease of 3 percent or more.

^bFMC requires financial data for a rate increase that affects at least 50 percent of items in a carrier's tariffs for a trade and increases revenue by less than 3 percent, when it and similar rate increases would increase revenues by 9 percent or more in a year.

Table 1.2: ICC Reductions in Tariff Notice Periods for Alaskan Intermodal Service, 1983-87

<u>Date</u>	<u>Ocean-motor service</u>		<u>Ocean-rail service</u>	
	<u>Notice period (days)</u>	<u>Type of rate change</u>	<u>Notice period (days)</u>	<u>Type of rate change</u>
Prior to 1983	30	Increases and decreases ^a	10 20	Decreases (railroads) ^b Increases (railroads) ^b
1983-85	5 30	Decreases to meet competition ^c Increases		
1985-86	5 15	Decreases ^d Increases ^d		
1985-86	1 15	Decreases ^e Increases ^d		
1987	1 7(work)	Decreases ^f Increases ^f	1 7(work)	Decreases ^f Increases ^f

^aAlaskan ocean carriers were subject to the statutorily prescribed 30-day notice period.

^bIn 1980, the statutorily prescribed notice period for rail service was reduced from 30 days to 10- and 20-day periods. However, the 10- and 20-day periods applied only to ocean-rail tariffs filed by railroads. Ocean-rail tariffs filed by ocean carriers remained subject to the 30-day period.

^cAlaskan ocean carriers were permitted to obtain blanket authority to issue rate decreases on 5 days' notice to meet competition.

^dAlaskan ocean carriers were permitted to obtain blanket authority to issue rate decreases on 5 days' notice and rate increases on 15 days' notice.

^eAlaskan ocean carriers were permitted to obtain separate case-by-case authority to issue each rate decrease on 1 day's notice.

^fIn early 1987, all offshore ocean carriers were permitted to issue rate decreases on 1 day's notice. Later that year, all carriers were also permitted to issue rate increases on 7 work days' notice.

CHANGES IN ALASKAN TRADE CARRIERS AND SERVICE

Before 1959, the Alaskan offshore trade was dominated by one carrier--Alaska Steamship Company--which had served Alaska since 1895. Alaska's three major carriers currently providing offshore service--Alaska Hydro-Train, Sea-Land Service, and Totem Ocean Trailer Express--entered the Alaskan trade between 1959 and 1975. By 1980, all three carriers had elected to initiate predominantly intermodal service regulated by ICC. (Alaska Steamship Company ceased operations in the early 1970s.)

According to data provided by the Department of Transportation in 1982 during ICC regulatory proceedings involving the Alaskan trade, these three carriers transported about 95 percent of Alaska's inbound shipments. Consequently, by the time ICC began instituting various deregulatory measures in the 1980s, FMC's regulatory role in the Alaskan trade had been limited to a number of smaller carriers serving a relatively small segment of the Alaskan market. Alaskan ocean carriers continue to provide predominantly intermodal service.

The Alaskan offshore industry has also been affected by changes in Alaska's economy. When Alaskan oil production was growing and the state's economy booming, the demand for offshore transportation also increased, thereby attracting additional Alaskan carrier capacity. However, as the Alaskan oil boom subsided in recent years, the Alaskan economy has suffered, thereby reducing demand for offshore services and resulting in excess capacity. One of Alaska's top eight carriers in 1985 shifted to charter service in 1986, and three others have ceased operations. (See app. I for a chronology of major events relating to regulation of the Alaskan trade.)

SECTION 2

ALASKAN CARRIER TARIFF ACTIVITY AT FMC AND ICC

This section provides information on FMC and ICC regulatory activities, including the number of carriers that filed tariffs and tariff changes processed, rate reviews conducted, and advance notice period exemptions authorized.

CARRIERS FILING TARIFFS

In recent years, a growing number of smaller carriers have joined Alaska's major carriers in initiating intermodal service in the Alaskan trade. Our review of tariffs filed by Alaskan ocean carriers between January 1984 and January 1987 showed a net increase of six carriers (from 7 to 13) with tariffs on file at ICC, compared to a net decrease of two carriers (13 to 11) with tariffs on file at FMC.

As of January 1984, two Alaskan ocean carriers had tariffs on file with ICC only, compared to six carriers as of January 1987. In comparison, eight carriers had tariffs on file with FMC only as of January 1984, compared to four carriers as of January 1987. The number of Alaskan ocean carriers filing tariffs with both FMC and ICC increased from five carriers as of January 1984 to seven carriers as of January 1987.

Of the seven carriers that filed new tariffs during this period (characterized in table 2.1 as new carriers), four carriers filed with ICC only, two carriers filed with FMC only, and one carrier filed with both FMC and ICC. Four carriers with tariffs at FMC only as of January 1984 added ICC tariffs. In addition, five carriers withdrew all tariffs. (See table 2.1. Also, app. II provides company-specific information on changes in Alaskan ocean carriers.)

Table 2.1: Changes in the Number of Alaskan Ocean Carriers With Tariffs on File at FMC and ICC Between January 1984 and January 1987

	<u>Total</u>	<u>FMC only</u>	<u>ICC only</u>	<u>Both^a</u>
Total as of Jan. 1984	<u>15</u>	<u>8</u>	<u>2</u>	<u>5</u>
Changes between Jan. 1984 and Jan. 1987:				
New carriers filed tariffs	7	2	4	1
Carriers with FMC tariffs added ICC tariffs	-	(4)	-	4
Carrier with both FMC/ICC tariffs withdrew FMC tariff	-	-	1	(1)
Carriers withdrew tariffs	(5)	(2)	(1)	(2)
	-	-	-	-
Net changes between Jan. 1984 and Jan. 1987	<u>2</u>	<u>(4)</u>	<u>4</u>	<u>2</u>
Total as of Jan. 1987	<u>17</u>	<u>4</u>	<u>6</u>	<u>7</u>

^aCarriers with tariffs at both FMC and ICC.

TARIFF CHANGES FILED

The shift toward intermodal service in the Alaskan trade was also reflected in a shift in tariff changes filed by Alaskan ocean carriers in recent years. During 1984-86, tariff changes filed with ICC increased from 5,000 to 7,500 while changes filed with FMC decreased from about 700 to 300. (Both agencies use the number of tariff changes as an indicator of carriers' rate activity.) (See table 2.2.)

Table 2.2: Number of Tariff Changes Filed by Alaskan Ocean Carriers at FMC and ICC, 1984-86

<u>Agency</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>Total</u>
FMC	681	318	303	1,302
ICC	5,073	4,778	7,522	17,373

Of the approximately 17,000 changes filed with ICC during these years, three companies accounted for nearly 12,000 changes, or about 70 percent of the total. One of the three companies also accounted for more than one-third of the approximately 1,300 changes filed with FMC. (See table 2.3.)

Table 2.3: Tariff Changes by Three Major Alaskan Ocean Carriers, 1984-86

<u>Carrier</u>	<u>ICC tariff changes</u>	<u>FMC tariff changes</u>
Alaskan Hydro-Train	5,277	(No tariff)
Sea-Land Service, Inc.	3,931	(No tariff)
Totem Ocean Trailer Express	<u>2,782</u>	<u>496</u>
Total for three companies	11,990	496
Other companies	<u>5,383</u>	<u>806</u>
Total	<u>17,373</u>	<u>1,302</u>

RATE REVIEWS

Although the Alaskan regulatory workload had largely shifted to ICC, neither ICC nor FMC reviewed any rates filed by Alaskan ocean carriers during 1984-86. ICC usually reviews only those rates protested by third parties. FMC, on the other hand, normally reviews general rate increases as well as protested rates. However, neither ICC nor FMC received any protests of Alaskan ocean rates during this period. Also, none of the rate increases filed with FMC constituted a general rate increase subject to FMC review.

In 1985, following a study of its offshore rate regulatory policies, FMC reported that it had made no active rate reviews in the Alaskan trade for a number of years. FMC attributed this to the shifting of the larger Alaskan ocean carriers to ICC-regulated intermodal service and the exemption of remaining smaller carriers from FMC rate reviews because of their low revenues.

TARIFF NOTICE PERIOD EXEMPTIONS

Between 1983 and 1987, ICC permitted a successively shortened tariff advance notice period for Alaskan intermodal service from 30 days (for rate increases and decreases) to 7 work days (rate increases) and 1 day (rate decreases). (See section 1 and table 1.2.) To qualify for shorter notice periods when filing tariffs, however, carriers were required to obtain special permission in the form of blanket authority or case-by-case approval. Although FMC also has authority to reduce tariff notice periods, it generally requires ocean carriers to adhere to the statutorily prescribed notice periods and generally does not permit notice period reductions for competitive reasons.

Our review of ICC tariff records for 1983-86 showed that almost all Alaskan carriers filing tariffs with ICC obtained special permission to adopt ICC's successively shortened notice periods during 1983-87. For example, during 1983-84, 12 of 13 Alaskan carriers obtained ICC permission to issue rate decreases to meet competition on 5 days' notice; during 1985-86, 11 of 13 carriers obtained ICC permission to issue rate increases on 15 days' notice. However, we did not determine the extent to which Alaskan carriers actually exercised their special permission when issuing tariff changes during this period.

Under ICC's most recent tariff notice requirement (7 work days for rate increases and 1 day for rate decreases), special permission is no longer required. In contrast to advance notice exemptions granted under ICC's policies, FMC records showed that all tariff changes filed by Alaskan ocean carriers during this period adhered to FMC's statutory notice requirements.

SECTION 3

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of our review was to develop information on two areas relating to economic regulation of the Alaskan offshore trade by FMC and ICC: (1) how the Alaskan offshore regulatory system developed and (2) how Alaskan offshore regulation and service have changed under the divided system.

To gather information on the development of the present offshore regulatory system relative to the Alaskan trade, we reviewed (1) pertinent laws and regulations governing FMC's and ICC's authority and regulatory process, (2) relevant FMC and ICC regulatory proceedings and legal decisions, and (3) other related studies and data on Alaskan offshore regulatory matters. We also discussed various offshore regulatory matters with FMC and ICC officials.

To analyze Alaskan offshore carrier tariff activity and workload experienced by FMC and ICC in recent years, we developed information from tariffs filed by Alaskan ocean carriers with both FMC and ICC during the 3-year period from January 1984 through January 1987. This included information for both agencies on (1) the number of carriers filing tariffs, (2) the number of tariff changes filed, (3) the advance notice given by carriers for tariff changes filed, (4) the number of protests filed by carriers against proposed rate changes, and (5) the number of rate reviews conducted. The number of tariff changes is an indicator of carriers' rate activity.

Our review was conducted between September 1986 and March 1988 in accordance with generally accepted government auditing standards.

CHRONOLOGY OF MAJOR EVENTS RELATING TO
REGULATION OF THE ALASKAN OFFSHORE TRADE

<u>Year</u>	<u>Event</u>
1887	Under an act to regulate commerce (24 Stat. 379-87 (1887)), ICC was given regulatory authority over interstate rail transportation, including interstate and certain other ocean-rail intermodal transportation.
1916 and 1933	The Shipping Act of 1916 (39 Stat. 729 (1916)) and the Intercoastal Shipping Act of 1933 (46 U.S.C. 843-48) established federal regulatory authority over offshore ocean transportation. This authority came to be vested in FMC.
1935	Under the Motor Carrier Act of 1935 (Pub. L. No. 255, 49 Stat. 543-67 (1935)), ICC was given regulatory authority over interstate motor transportation.
1958	As a result of the Alaska Statehood Act (Pub. L. No. 85-508, 72 Stat. 339 (1958)), Alaskan interstate motor and rail transportation became subject to ICC regulatory authority, but FMC's regulatory authority over Alaskan offshore ocean transportation was preserved.
	Because ocean and land service were separately regulated by FMC and ICC, respectively, Alaskan ocean carriers were unable to engage in ocean-motor intermodal service. Also, ICC took the position that because the federally owned Alaska Railroad was not subject to regulatory authority of any agency, Alaskan ocean carriers were unable to engage in ocean-rail intermodal service with the railroad.
1895- early 1960s	Alaska Steamship Company was Alaska's dominant ocean carrier and was regulated by FMC.
1959	Puget Sound-Alaska Van Lines (now Alaska Hydro-Train) entered the Alaskan trade as a major competitor regulated by FMC.
Early 1960s	The development of containerized transportation methods precipitated the move toward ocean-rail and ocean-motor intermodal transportation in the Alaskan trade.
1962	Under amendments to the Interstate Commerce Act (Pub. L. No. 87-595, 76 Stat. 397-98 (1962)), ICC was given

<u>Year</u>	<u>Event</u>
	jurisdiction over ocean-motor intermodal service in the Alaskan trade.
1963	Under Executive Order No. 11107 (28 Fed. Reg. 4225 (1963)), the Alaska Railroad became subject to limited ICC jurisdiction. Alaskan ocean carriers were thereby permitted to engage in intermodal ocean-rail service with the Alaska Railroad.
1964	Sea-Land Service, Inc., entered the Alaskan offshore trade as a major competitor regulated by FMC.
1965	Puget Sound-Alaska Van Lines (now Alaska Hydro-Train) converted its Alaskan operations to ocean-rail intermodal service regulated by ICC.
1967	Sea-Land Service converted its operations to ocean-motor intermodal service regulated by ICC.
1968	In <u>Alaska Steamship Company v. Fed. Maritime Comm'n.</u> , 399 F.2d 623 (9th Cir. 1968), the court ruled that the existence of intermodal service did not depend on the length of hauls by participating carriers, but rather on the arrangements between them. Under this ruling, ocean-motor arrangements, which provided for through service under a single joint rate, constituted intermodal service subject to ICC regulation, even if the motor portion was limited to pickup and delivery service between the shipper's premises and the ocean port terminal. On the other hand, where ocean carriers simply contracted with motor carriers for such pickup and delivery service, the ocean-motor service was considered ocean service only, subject to FMC regulation.
Early 1970s	Alaska Steamship Company terminated service in the Alaskan trade.
1975	Totem Ocean Trailer Express entered Alaskan trade as a major competitor providing predominantly ocean-motor intermodal service regulated by ICC.
1979	In <u>Trailer Marine Transport Corp. v. Fed. Maritime Comm'n.</u> , 602 F.2d 379 (D.C. Cir. 1979), the court ruled that ICC had exclusive regulatory authority over ocean-

<u>Year</u>	<u>Event</u>
	rail intermodal service between Puerto Rico and continental U.S. ports.
1980	The Staggers Rail Act of 1980 (Pub. L. No. 96-448, 94 Stat. 1895 (1980)) and the Motor Carrier Act of 1980 (Pub. L. No. 96-296, 94 Stat. 793 (1980)), authorized ICC to undertake deregulatory measures aimed at stimulating competition in rail and motor transportation. Also, rail carriers were authorized to enter into negotiated, unpublished contracts with shippers.
1981	In <u>Puerto Rico Maritime Shipping Auth. v. ICC</u> , 645 F.2d 1102 (D.C. Cir. 1981), the court ruled that ICC had regulatory authority over ocean-motor intermodal service in the Puerto Rican trade.
1981	In <u>Totem Ocean Trailer Express, Inc. v. FMC and USA</u> , 662 F.2d 563 (9th Cir. 1981), the court ruled that FMC lacked jurisdiction over joint motor-water rates for Alaskan offshore transportation of agricultural goods exempt from ICC regulation.
1982	Under the Alaska Railroad Transfer Act of 1982 (Pub. L. No. 97-468, 96 Stat. 2556 (1983)), the Alaska Railroad was authorized to enter into negotiated-rate, unpublished contracts with shippers.
1987	ICC reduced the tariff notice period for ocean-motor and ocean-rail intermodal service to 1 day for rate decreases and 7 work days for rate increases.
1987	ICC ruled that contract motor carriers authorized to negotiate rates with shippers for motor service between the U.S. mainland and Alaska could use ocean service for part of the contract motor service on a "substitute" basis.

COMPANY-SPECIFIC INFORMATION ON CHANGES IN THE NUMBER OF
ALASKAN OCEAN CARRIERS WITH TARIFFS ON FILE
AT FMC AND ICC BETWEEN JANUARY 1984 AND JANUARY 1987

<u>Carrier</u>	<u>As of</u> <u>1/84</u>	<u>1984-87</u>		<u>As of</u> <u>1/87</u>
		<u>Added</u>	<u>Dropped</u>	
Alaska Hydro-Train (affiliated with Puget Sound Tug & Barge Co.)	ICC	-	-	ICC
Alaska Marine Lines, Inc.	FMC/ICC	-	-	FMC/ICC
Alaska Outport Transportation Association	FMC	-	-	FMC
Boyer Alaska Barge Line, Inc.	FMC	-	-	FMC
Central Alaska Marine Lines, Inc. ^a	FMC	ICC	-	FMC/ICC
Coastal Service (formerly Coastal Alaska Line, Inc.)	FMC/ICC	-	FMC	ICC
Foss Alaska Line, Inc.	FMC/ICC	-	FMC/ICC	-
Northland Services, Inc.	FMC	ICC	-	FMC/ICC
Pacific Alaska Line, Inc. (affiliated with Puget Sound Tug & Barge Co.)	FMC	ICC	-	FMC/ICC
Pacific Express Line, Inc.	FMC	-	FMC	-
Pacific Western Lines (formerly Alaska Aggregate Corporation)	FMC/ICC	-	FMC/ICC	-
Samson Tug and Barge Company, Inc.	FMC	ICC	-	FMC/ICC
Sea-Land Service, Inc.	ICC	-	-	ICC
Totem Ocean Trailer Express, Inc.	FMC/ICC	-	-	FMC/ICC
Western Pioneer, Inc.	FMC	-	-	FMC

<u>Carrier</u>	<u>As of</u> <u>1/84</u>	<u>1984-87</u>		<u>As of</u> <u>1/87</u>
		<u>Added</u>	<u>Dropped</u>	
Alaska Barge Lines, Inc.	-	ICC	-	ICC
Alaska California Express	-	FMC	FMC	-
The Barge Lines, Inc.	-	ICC	-	ICC
Coastal Alaska Marine Lines	-	ICC	ICC	-
Coastal Transportation, Inc.	-	FMC	-	FMC
Seaway Express Corporation ^a	-	FMC/ICC	-	FMC/ICC
Sunmar Shipping, Inc.	-	ICC	-	ICC

^aCarrier ceased operations, but tariff had not been officially withdrawn as of January 1987.

MAJOR CONTRIBUTORS TO THIS REPORT

RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION,
WASHINGTON, D.C.

Kenneth M. Mead, Associate Director, (202) 275-1000
David Marwick, Group Director
Donald H. Leppla, Adviser
Thaddeus J. Gapinski, Evaluator-in-Charge
Henry L. Hoppler, Evaluator
Molly MacLeod, Reports Analyst

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